

Testimony of
Mr. Lloyd Arthur
Vice President Texas Farm Bureau
Before the House Agriculture Committee
General Farm Commodities and Risk Management
Subcommittee

Mr. Chairman and members of the Committee, I appreciate the opportunity to testify before your committee, regarding the need for adjustments in the Federal Crop Insurance Program. My name is Lloyd Arthur; I am Vice- President of the Texas Farm Bureau, and am a cotton farmer from Ralls.

We recognize that Texas, and specifically this area of the state, is a high risk crop producing area. The return on premium dollars in Texas is significantly higher than the national average. Texas however, is also a high production area, particularly for cotton. We lead the nation in the production of cotton, and are also significant producers of wheat, corn and sorghum.

The Texas Farm Bureau supported the Agriculture Risk Protection Act of 2000, and its efforts to make crop insurance more affordable for producers. That legislation has been successful in increasing participation in the program, with now more than 80 per cent participation from Texas producers. The Risk Management Agency has been successful in providing an increase in the number of insurance products for Texas producers to meet various needs. The Crop Revenue Assurance programs that have been piloted in Texas have benefited producers during years of significant drought as well as the extended periods of low prices. Fortunately, our price situation has improved significantly this year.

We are here today to request that the committee consider several modifications to the current program to benefit producers from across the state.

The RMA has had rules for some time that require producers to plant and harvest a crop one out of every three years on a specific piece of ground to be eligible to purchase crop insurance. While this works in many regions, the rice producing area of Texas commonly will plant rice only every 4 or 5 years on a particular piece of property. Your consideration of making a change to resolve this problem would be appreciated. The farm bill gives the producer flexibility to grow different crops, allow producers the opportunity to insure the investment.

In 2001, 5 counties in Texas were severely affected due to Karnal Bunt in wheat. The detection was found only after the wheat had been commingled at the elevator. A

provision allowing for a loss of value due to a quarantined disease, similar to the Quality Loss Provision would have provided growers protection. Under current regulations, producers were ineligible for any insurance benefits.

In Texas we continue to have problems with final planting dates. For some reason, the dates established with RMA don't seem to be applicable here in the state. We have tried many times to make adjustments in this area, but have been unsuccessful. Producers fail to understand why farms in adjacent counties, literally across the county line, will have different final planting dates. A possible reduction in the size of areas covered by each date and the inclusion of recommendations from local FSA Committees, and the state extension service could make these dates more germane to their area.

Furthermore, changes are needed to address the "Release" date of a crop that has failed prior to the final planting date, established by RMA. This policy forces producers to be liable for Boll Weevil Eradication assessments on production that has already been designated as failed.

In the South Plains area, we have a combination of both irrigated and dryland farms. Producers switch from dryland to irrigated production based on available rainfall as well as product prices. Current RMA rules discriminate against a producer's choice to make those decisions. At this time, a producer is required to use a particular farm method for one year before being eligible to purchase the insurance product the following year. There is also a significant variance in the kind of irrigation facilities. Drip or trickle irrigation is far more efficient and conservation oriented, and should be recognized as such. We would urge the committee to make adjustments to allow different irrigation practices to use separate units for insurance purposes. Farmer's APH are being capped under these efficient irrigation practices because RMA states the yield is higher than the county's potential. Also allow producers to purchase different levels of coverage for the differing types of production practices, example dryland vs. irrigation.

I have stated previously, we recognize that Texas is a high risk state; we seem to experience natural disaster declarations more frequently than many other areas of the country. We would respectfully request that the committee consider exempting production in any year in which the area is designated as a Natural Disaster. Under the current program, any zero yield years will result in a reduction of a producer's production history.

Finally, we would urge the committee to initiate an additional type of insurance program for livestock producers. In Texas, we are in need of additional insurance products for sheep and goat producers, as well as lamb producers. Although not directly related, hay producers are also in need of insurance coverage.

Mr. Chairman, we appreciate the opportunity to provide testimony today, and I will be happy to respond to your questions at this time.